

# Governor's 2008 Economic and Workforce Development Conference

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# Leading Edge Thoughts and Practices in Economic Development

Three Big Opportunities for Washington  
State Businesses

# What's it Take to be a Big Opportunity?

- Statewide applications
- Both rural and urban applications
- Used by small and large businesses
- Inexpensive to implement
- Generate increased sales, profits and corresponding tax revenue

Opportunity #1

## **Social Media Marketing**

The new word of mouth  
marketing

# Social Media

- The use of electronic and internet tools for the purpose of sharing and discussing information and experiences with other human beings
- Refers to activities that integrate technology and social interactions

# Social Media Marketing

- New way of marketing with
  - New rules
  - New paradigms
  - New relationships and opportunities
- Outcomes
  - Competitive differentiation
  - Improved customer relations and prospecting
  - Increased sales and profits

# Social Media Marketing

- New rules for marketing
- Two way communication
- Uses technology and Internet tools
- Most applications are free
- No barriers to entry, use or abuse
- Creates stronger relationships with customers, vendors, employees and potential customers
- Can be managed from any computer

# Social Media Platforms

- Communication / Social Networks:
  - MySpace
  - Facebook
  - LinkedIn
- Multimedia
  - YouTube
  - Flickr
  - Virtual worlds- Second Life



# Social Media Platforms

- Collaboration
  - Wikis: Wikipedia
  - Del.icio.us
  - Digg
- Text broadcasting
- Community Forums: Yahoo groups
- Blogs

# Statistics

## Worldwide Growth among Selected Social Networking Sites

June 2008 vs. June 2007

Total Worldwide Audience, Age 15+

Home and Work Locations

Source: comScore World Metrix

	Total Unique Visitors (000)		
	Jun-07	Jun-08	% Change
<b>Total Internet : Total Audience</b>	<b>778,310</b>	<b>860,514</b>	<b>11%</b>
<b>Social Networking</b>	<b>464,437</b>	<b>580,510</b>	<b>25%</b>
FACEBOOK.COM	52,167	132,105	153%
MYSFACE.COM	114,147	117,582	3%

# Business Applications

## ■ Business

- Increasing customer traffic = increased sales
  - Pizza parlor / IKEA
- Developing new product price points
  - Logos Software
- Customer relations programs
  - Bars & Musicians

## ■ Non profits

- Fundraising and friend raising

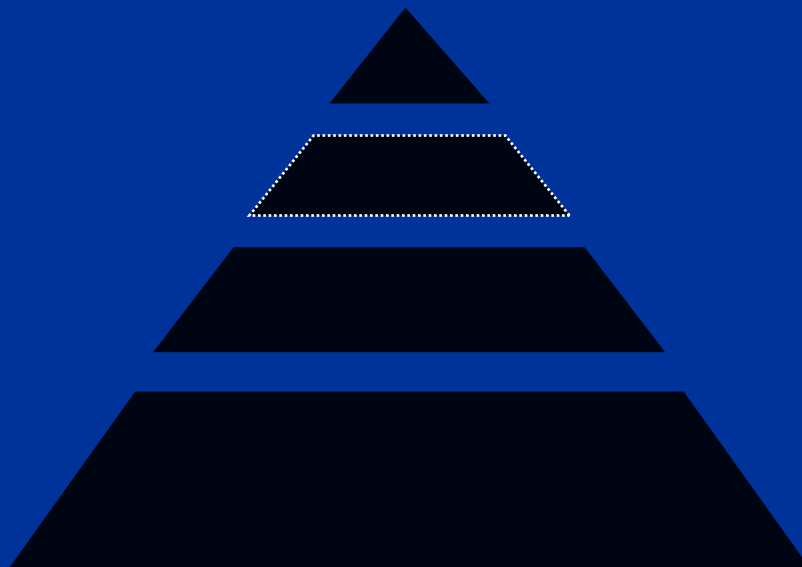
## ■ Presidential campaigns

## Opportunity #2

# **The Forgotten Cluster**

Second stage companies

# A Model of Business Distribution By Growth Stage

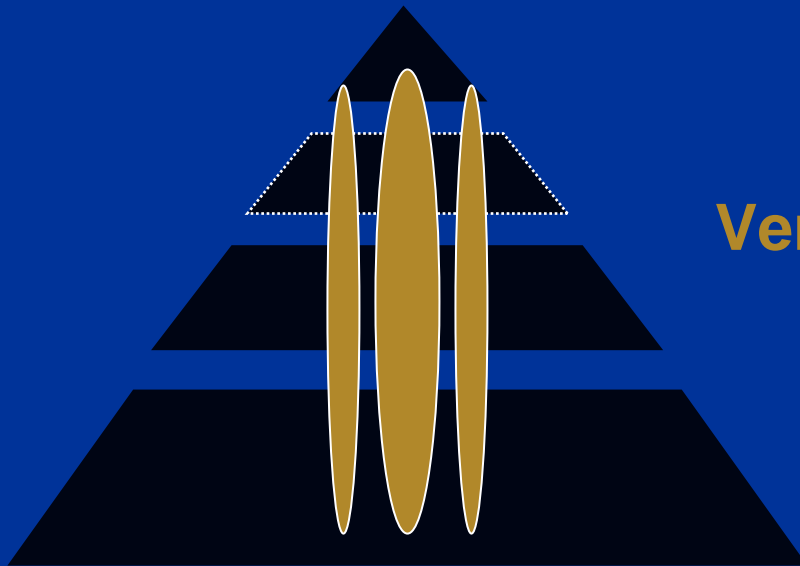


■ Employees

- Stage Four (500+)
- Stage Three (100 to 499)
- Stage Two (10 to 99)
- Stage One (1 to 9)

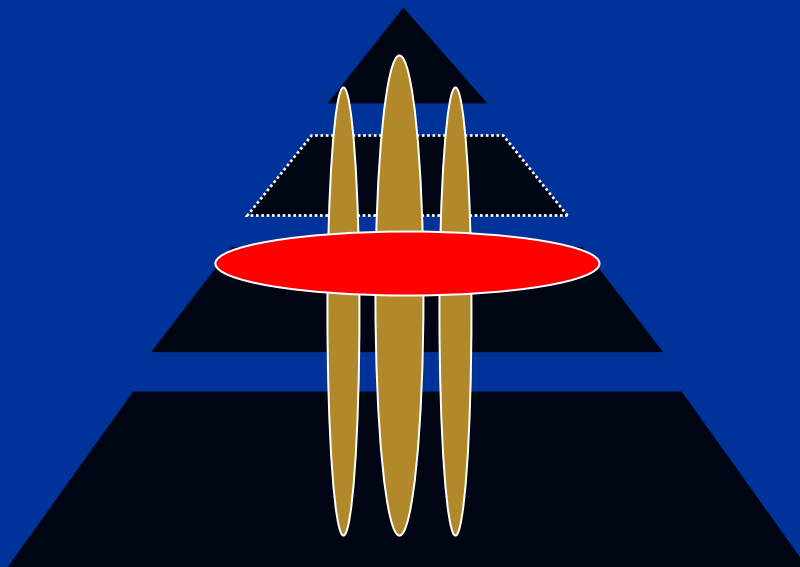
(Employees)

# Economic Development Application - Clusters



**Vertical Industry Clusters**  
**Cover all stages**

# “Horizontal” Cluster by Stage of Growth



**Vertical Industry Clusters**  
**Versus**  
**Horizontal High Growth**  
**Second Stage Clusters**

# The Second-Stage Entrepreneur

- Growth issues vs. survival mode
- Intent to grow
- Capacity to grow
- Enterprise composition
  - Privately-held businesses
  - 10-99 employees
  - Revenue - \$1 to \$50 million
  - Steady rate of growth



## Our Economy Washington State

Period: 2004-2006

	Establishments		Jobs	
<b>Stage 1 (1-9)</b>	300,743	89.9%	678,877	35.3%
<b>Stage 2 (10-99)</b>	32,077	9.6%	737,851	38.4%
<b>Stage 3 (100-499)</b>	1,683	0.5%	284,320	14.8%
<b>Stage 4 (500+)</b>	168	0.1%	222,682	11.6%
<b>Total</b>	334,671	100.0%	1,923,730	100.0%

Source: National Establishment Time Series (NETS) Database

Provided by the Edward Lowe Foundation and Wall & Associates

# Why Second-Stage Companies?

Because we believe they have the greatest positive impact on the economy

- Create jobs
- Attract money
- Attract companies and talent
- Drive culture
- Drive community direction
- Positively affect philanthropy

## Opportunity #3



# Economic Gardening

Growing our economy one  
business at a time

# Economic Gardening

New research services available to  
under-served EDCs starting July  
2008



# Economic Gardening

- Focuses on growing our economy through existing businesses with retention and expansion instead of attraction of new businesses
- Economic development strategy that supports entrepreneurial activities with cutting-edge research tools to grow existing businesses



# Economic Gardening Objectives

- Help businesses stabilize and grow (retention and expansion)
- Stabilize, grow and save jobs at risk
- Create new jobs
- Generate new investments in our communities
- Support economic development service providers with research services



# Types of Economic Gardening Services Provided

- Business Plan Review
- Marketing Plan Review
- Marketing Collateral Review
- Target Market Research
- Marketing Research



# Types of Economic Gardening Services Provided

- Industry Research
- Due Diligence Research
- Human Resources Research
- Employee Handbook Review
- Entity Structure Research



# Western Washington University Research Center

- Has utilized sophisticated research tools, counseling and technical assistance to stabilize and grow existing businesses in Whatcom County for over 20 years
- Now are helping other Washington communities participate in economic gardening
- Supported by legislative funding 2007-09



# Economic Gardening

We serve businesses with economic gardening through:

- SBDC advisors in 24 locations in Washington since October 2007
- Under-served Economic Development Councils in Washington beginning in July 2008



# Economic Gardening Impacts for State of Washington

October 2007 – June 2008

- Research requests - \*458
- Businesses supported - 432
- Jobs saved and jobs created - 110
- New investment generated - \$9,209,894
- Advisor hours saved – 3,910

\* Average hours per research request=6.6 hours



# Three Big Opportunities for Washington State Businesses

- Social Media Marketing
- Second stage companies
- Economic gardening research services

Outcomes: stronger businesses, strong communities, stable tax base, stable workforce

# Questions?

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